

***Remarks***

Reconsideration of this Application is respectfully requested. Claims 1-20 are pending in the application, with 1, 8, 15, and 20 being the independent claims. Based on the following Remarks, Applicants respectfully request that the Examiner reconsider all outstanding objections and rejections and withdraw them.

**Interview**

The Applicants thank Examiner Charles and Supervisory Patent Examiner Millin for taking time on August 16, 2005, to conduct an interview in this case. During the interview, the Applicants provided additional explanation of the invention and pointed out the need in the art for the invention. Examiner Millin agreed that the prior art rejections in the July 15, 2005 office action should be withdrawn and suggested the amendments made herein for the purposes of clarification of the claims. Thus, the Applicants have amended the independent claims 1, 8, 15, and 20 to recite that "the factor information does not reveal the fund holdings."

As the Applicants emphasized during the interview, the invention provides systems and methods to allow hedging of positions taken in Actively Managed Exchange Traded Funds without revealing the fund holdings. As set forth in the specification at page 11, it "is important to maintain a fiduciary duty to keep positions confidential where confidentiality is in the interest of the shareholders of the fund." The presently claimed invention thus allows, for example, a market specialist to "create a hedge that will track the basket of securities that make up the exchange traded fund portfolio without the specialist ever knowing what specific securities are in the fund." (Specification at page 19). These citations provide descriptive support for the claim amendments.

Examiner Millin requested that the Applicants provide a copy of the presentation given on the invention, which the Applicants agreed to do. A copy of the presentation is filed herewith as Exhibit 1.

Examiner Millin further requested that the Applicants provide a list of related pending applications. The related pending applications are as follows:

| Application Number | Filing Date | Status | Examiner |
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|------------|-----------------|----------------------|-----------------|
| 09/536,663 | March 27, 2000  | Issue fee paid       | Daniel Greene   |
| 09/815,589 | March 23, 2001  | Awaiting examination | Frantzy Poinvil |
| 10/123,779 | April 16, 2002  | Awaiting examination | Debra Charles   |
| 10/174,505 | June 17, 2002   | Awaiting examination | Debra Charles   |
| 10/753,069 | January 8, 2004 | Awaiting examination | Debra Charles   |

***Claim Rejections Under 35 U.S.C. § 112***

The Applicants believe that the claims are sufficiently definite, enabled, and adequately supported by the written description in the specification, and thus satisfy the requirements of 35 U.S.C. § 112. The Applicants believe that the Examiners are in agreement on this point.

***Claim Rejections Under 35 U.S.C. § 103***

During the interview, Examiner Millin informed the Applicants that the prior art rejections should be withdrawn. The Applicants agree. None of the cited references, either individually or in combination, teach or suggest the claimed invention.

***Conclusion***

All of the stated grounds of objection and rejection have been properly traversed, accommodated, or rendered moot. Applicants therefore respectfully request that the Examiner reconsider all presently outstanding objections and rejections and that they be withdrawn. Applicants believe that a full and complete response has been made to the outstanding Office Action and, as such, the present application is in condition for allowance. If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone Michael Stimson at (949) 759-3961.

Prompt and favorable consideration of this Amendment is respectfully requested.

Respectfully submitted,



Michael J. Stimson (Reg. No. 45,429)

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HOWREY SIMON ARNOLD & WHITE, LLP  
Box No. 34  
1299 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-2402  
(202) 783-0800